

Charity Registration No. 1104911

Company Registration No. 05081333 (England and Wales)

MEZZANINE 2 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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COMPANIES HOUSE

MEZZANINE 2 LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Miles Donohoe Jenny Edwards Matthew Sampson Russell Thompson	(Appointed 20 July 2020)
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Charity number	1104911
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Company number	05081333
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Registered office	Can Mezzanine 7-14 Great Dover Street London SE1 4YR
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Auditor	Haines Watts Suite G02, Aston Court Kingsmead Business Park Frederick Place High Wycombe Buckinghamshire HP11 1JU
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MEZZANINE 2 LIMITED

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MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements for the year to 31 March 2021. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). Since the company and the Group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

ACHIEVEMENTS AND PERFORMANCE

Financial review

A consolidated set of accounts has been prepared which incorporates the accounts of the wholly-owned subsidiary charities Mezzanine 2 Ltd, CAN Mezzanine Ltd and Education Saves Lives, all companies limited by guarantee.

Review of activities of subsidiaries

Mezzanine 2 Limited and CAN Mezzanine Limited, collectively trading as CAN Mezzanine, are both self-sustaining charities, building on CAN's experience of creating a successful collaborative working environment. Mezzanine 2 is recognised as a landmark enterprise for the Social Sector.

Mezzanine 2 Ltd recorded net expenditure of £845,289, a decrease from prior year (2020: £1,144,477), and unrestricted deficit at the year-end of £1,992,925 (2020: £1,147,636).

CAN Mezzanine Ltd recorded net expenditure of £290,856 (2020: net income of £592,585) and an unrestricted surplus at the year-end of £34,411 (2020: unrestricted surplus of £325,267).

RESERVES POLICY

The Trustees approved a Reserves Policy in 2012 and agreed to aim to maintain consolidated free reserves of £500,000 in cash or assets that are easily converted into cash. At 31 March 2021, the Group's free reserves, excluding the current portion of bank loans were £59,424 (2020 - £137,739). Current bank loans have been excluded from both years as these repayments are met from income received during the forthcoming year.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charitable Company and the Group are exposed, in particular those related to the operations and finances of the Charitable Company and the Group and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The significant risks of the COVID pandemic posed an ever moving challenge, but were handled by the Management Team in line with Government guidelines.

GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CONSTITUTION

The Helen Taylor Thompson Foundation Limited is a Charitable Company limited by guarantee and is a registered Charity. It is governed by its Memorandum and Articles of Association, adopted on and last amended on 15 September 1998.

'The Charity's objects are to improve the efficiency of the administration of charities in direct pursuit of their objects by the provision of training and information, particularly in the field of information technology, and for such other charitable purposes as the Trustees shall from time to time determine.'

MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

The Helen Taylor Thompson Foundation has sole membership of the charities Mezzanine 2 Ltd, CAN Mezzanine Ltd (collectively operating as 'CAN Mezzanine' or 'CAN'), and Education Saves Lives.

The Charity Objects of CAN Mezzanine Ltd are:

1. To promote and improve the efficiency and effectiveness of charities and voluntary groups, community groups and not-for-profit organisations by the provision and management for such organisations of office accommodation, conferences, training and other facilities, services and support
2. To improve the efficiency of the administration of charities in direct pursuit of their objects by the provision of training and information, particularly in the field of information technology; and
3. Such other exclusively charitable purposes as the trustees shall from time to time determine

The Charity Objects of Mezzanine 2 Ltd are:

1. To promote and improve the efficiency and effectiveness of charities and voluntary groups, community groups and not-for-profit organisations in the London borough of Southwark by the provision and management for such organisations of office accommodation, conferences, training and other facilities, services and support
2. To improve the efficiency of the administration of charities in direct pursuit of their objects by the provision of training and information, particularly in the field of information technology

METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The management of the company and the Group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association stipulate that there must be a minimum of three Trustees and not more than seven Trustees. All Trustees must be members of the Charitable Company, additional Trustees may be appointed by the existing Trustees at any time, either to fill a casual vacancy or as an addition to the existing Trustees. Any Trustee so appointed will hold office only until the next Annual General Meeting and will then be eligible for re-election. One third of the Trustees are to retire by rotation at each Annual General Meeting.

The following Trustees had a beneficial interest in contracts with the Charitable Company during the year:

- C R Dove-Dixon was engaged to provide interim executive leadership services from 25th March 2020 until his appointment as Chief Executive from 1st June 2020
- R H Thompson was engaged from 11th August 2020 to 25th September 2020 to provide interim executive leadership services to cover for the Chief Executive
- RH Thompson was engaged as interim Finance Director on a part time basis from 28th September 2020

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Miles Donohoe

Jenny Edwards

Matthew Sampson

(Appointed 20 July 2020)

Russell Thompson

Clive Dove-Dixon

(Resigned 1 June 2020)

Francesca Durante

(Resigned 13 August 2020)

Clive Dove-Dixon covered the role of Chief Executive on an unpaid basis from 3rd October 2019 until he took a paid consultancy role, covering the role of Chief Executive, from 25th March 2020 to 1st June 2020. At this point he resigned as a Trustee and took up the full-time role as Chief Executive.

MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

The covering roles undertaken by Clive Dove-Dixon were notified to the Charity Commission and carried out with their permission.

Russell Thompson covered the role of Chief Executive on a paid basis from 11th August 2020 when Clive Dove-Dixon was absent for a back operation. He then took up the role of part time Finance Director on a paid basis. This role continues and will be reviewed in the new year.

INDUCTION AND TRAINING OF NEW TRUSTEES

The Charitable Company strives to ensure equal opportunities and diversity in both the employment of staff and Trustee appointments. Selection criteria and procedures are regularly reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities

Trustees are given a comprehensive induction when they join the Charitable Company. Recruitment involves interviews with the Chair and existing Trustees.

Additionally, individual Trustees may undertake external training in a particular area of their role on the governing body.

ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Board of Trustees controls and manages the affairs of the Charity. Trustees are given a comprehensive induction when they join. Recruitment involves interviews with the Chair and existing Trustees. Leadership and operational management of CAN are devolved to the Senior Management Team.

Senior Management Team through this period and at the time of writing this report:

- Clive Dove-Dixon - Chief Executive (Helen Taylor Thompson Foundation - Group)
- Kirstin Ross - Director of Operations and Sales (CAN Mezzanine)
- Maria Maros – Financial Controller (Helen Taylor Thompson Foundation - Group)
- Rachel Butt – Director (Education Saves Lives)

The Board of Trustees hold the Senior Management Team to account on key performance indicators as agreed between both parties as well as monitoring the strategic direction.

Death of our founder, Helen Taylor Thompson

We are really saddened that we lost our founder Helen Taylor Thompson who died on Sunday September 6th 2020, shortly after her 96th birthday.

Helen founded the Community Action Network (CAN) in 1998 with Adele Blakebrough and the Baptist Minister Andrew Mawson. CAN was originally set up as a peer network for social entrepreneurs, moving into its own space in 2000 and the housing of charities and social enterprises in CAN operated, and later owned, office space became the largest part of the organisation and, the major part of its activities.

Helen founded "Education Saves Lives" two years later. At the time she was in her 70s, when many people would have been thinking of slowing down. Helen, however, was a formidable and determined lady and she was determined to do something to combat the ravages of HIV/AIDS in the developing world.

She understood that a simple lack of information was leading to many HIV and AIDS infections in vulnerable communities. She saw that the emerging technology of DVDs could be used to solve this problem, by giving people access to simple lessons for safer living in their own language. As a result of her vision, and the work of Education Saves Lives, millions of lives all over the world have been changed and/or saved.

Helen's legacy, her inspirational leadership and work, will live on through the Foundation named after her, through CAN Mezzanine and Education Saves Lives and their activities.

At the age of 96, Helen lived a very full life, and she was at peace about the next stage of her journey. We are so grateful to Helen, and for her, for all she was and did. Helen lived an amazing life, and we will miss her very, very much.

MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

OBJECTIVES AND ACTIVITIES

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit and in particular to its supplementary public benefit guidance when reviewing our aims and objectives and in planning our future activities:

- CAN's vision is of an economy buoyed by a thriving Civil Society
- CAN's Mission is to help charities, social entrepreneurs and social ventures achieve it, through maximisation of their impact, sustainability and appropriate growth
- CAN delivers on its objectives by tackling the three key barriers for charities. These are premises, skills and finance

In addition to CAN's broad work supporting its network and the wider Social Sector CAN has two main streams of operations:

- CAN Mezzanine: provides high-quality collaborative office space and builds communities of social interest for third sector organisations in prime locations with easy access to talent, Government and funders / partners in the City of London. Prior to the Pandemic, some of the 150 organisations, c1,300 people housed include The Social Investment Business, HCT Group, Brightside, African Caribbean Diversity etc. The Pandemic had a major impact on the occupancy and number of organisations resident
- CAN Invest: deploys a range of Social Enterprise business support, investment readiness, impact measurement and funding into UK based social ventures. It includes CAN³, an intervention for scalable social enterprise combining premises and skill with an impact led strategy which operates from CAN Mezzanine. CAN Invest also covers management of CAN's Early Intervention Fund founded in partnership with UBS, targeting Hackney, East and South London. This fund aims to prevent blight of life and save public funds, allowing more funds for early Intervention, creating a virtuous circle. CAN Impact provides impact and reporting skill to enable organisations to best target limited resource and demonstrate their impact. During the Pandemic the operations of Can Invest have been outsourced and a review of this area of activity included in the ongoing work on CAN's new business model

ACHIEVEMENTS AND PERFORMANCE

Towards the end of the previous financial year, the Trustees agreed that the Foundation's first priority was to become financially sustainable by reducing its debt levels and developing its empty Southwark property (Waterbridge House, Loman St) to provide increased and high-quality accommodation for the Third Sector – a hub for the Social Sector within walking distance of Waterloo, the City and Westminster.

To deliver these priorities the Trustees agreed to:

- Appoint a new Chief Executive with a remit to make the Foundation sustainable in the short to long-term
- Undertake a significant cost-cutting exercise to respond to the fall in capacity brought about by the emptying of the Loman St property
- Increase marketing activity to raise occupancy levels

The COVID-19 pandemic then hit the world at the start of the financial year and the Foundation, like so many other businesses, faced hugely challenging market disruption. Not only did we have to ensure our financial sustainability, we worked hard to support our customers who were all facing similar financial and operational challenges.

As a response to these challenges, the Chief Executive and team took swift action to stabilize the finances and to support customers. Once the finances were secured, they then used the period of reduced activity brought about by the pandemic to undertake a major reinvention programme:

MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Finances

Continued a programme of cost-cutting:

- Reduced headcount, including the Senior Management Team
- Furloughed staff wherever possible through lockdowns and quiet periods
- Outsourced the marketing function

Supported cashflow: putting in place initiatives to support our cashflow including:

- Took advantage of the Government's Coronavirus Business Interruption Loan Scheme (CBILS) at 0% interest to support short-term cashflow pressures
- Sold a strip of land adjoining one of our buildings
- Negotiated Rights of Light settlements

Re-purposed funds:

- The CAN Invest Early Intervention Fund (EIF) was closed with the funds used to support customers through subsidised rates and utility bills

Sold a building:

- Savills oversaw and managed the sale of the Foundation's East Road building

Restructured finances:

- Receipts from the building sale were used to pay off debts and to invest in the development of Waterbridge House, the Foundation's Southwark building

Began the development of Waterbridge House:

- A feasibility study was carried out on the refurbishment and extension of the Foundation's 5 story art-deco warehouse in Southwark
- The study recommended a plan to rescue the building and extend upwards
- Work on gaining planning permission for this option has now commenced

Operations

Reviewed service offering:

- Introduced a new flexible coworking offer to sit alongside the more traditional fixed-desk options for customers
- Extended AV facilities to more meeting rooms to respond to demand for hybrid working

Focused activities:

- The activities of CAN Invest were outsourced to a third-party provider so that the Foundation could focus on core activities – CAN Mezzanine and Education Saves Lives

Supported our customers:

- Reduced costs to the minimum during the lockdowns and passed on savings to customers
- The EIF fund was redirected to support customers (as above)

Introduced flexible staff working:

- A flexible working model was introduced for non-operational staff as a response to returning to work outside of lockdowns

MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

Property

Reviewed its property portfolio:

- The Trustees agreed to perform an Options Appraisal on the future of the Foundation's property portfolio that would alleviate the short-term issues and increase sustainability whilst still achieving the Foundation's charitable objects
- Savills were appointed as the Foundation's Strategic Multidisciplinary Real Estate Advisors
- Savills conducted an Options Appraisal with the Trustees and Senior Team, the outcome of which was a recommendation to sell our East Road building and redevelop Waterbridge House

Sold the East Road building:

- Savills subsequently oversaw the sale of the Foundation's East Road building

Business model

Outsourced marketing:

- External support (J2 and Parker Digital Marketing) was sourced to review the brand and positioning of Mezzanine 2 and specifically to support our sales post the pandemic:
- A new brand will be launched shortly

Updated systems:

- OfficeRND has been purchased to replace all core customer facing systems, to improve efficiency and customer service

Developed new service offerings:

- Re-designed the range of offerings to customers, building on the new coworking model, as a direct result of customer involvement and consultation

Governance

Boosted its Board skills:

- To support the property side of the Foundation, M J Sampson, Trustee was appointed 20 July 2020) with a remit for property oversight

Appointed new Auditors:

- Conducted a tender for auditors and appointed new Auditors

Reviewed and updated HR policies and procedures:

- The Team Handbook and staff policies and procedures were updated with advice and input from Stone King LLP and all brought into line with current best practice

Reviewed risks:

- The changing COVID environment has necessitated an ongoing development and review of our Risk Assessment

MEZZANINE 2 LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

PLANS FOR FUTURE DEVELOPMENTS

CAN Mezzanine's objectives for the coming year are as follows:

- **Reshape of business model:** CAN Mezzanine will continue the work to research and reshape the business model so that it is fit for purpose for the post-pandemic world that will fully utilize the redeveloped Waterbridge House
- **Develop Waterbridge House:** work on the new Waterbridge House will continue, aiming for a fit-for-purpose design, built within budget, that will put the Charity in the best possible position to fulfil its charitable objects
- **Maintain financial sustainability:** ensure that the Group is run and managed to continue be sustainable in the short to medium-term so that the proceeds from the recent sale can be devoted to the redevelopment of Waterbridge House

PUBLIC BENEFIT

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aim and objectives and in planning the charity's future activities. The aims of the Charitable Company for the public benefit are detailed in the 'Objectives and Activities' section of this report and the main activities undertaken in order to carry out the Charitable Company's aims for the public benefit are outlined under 'Achievements and Performance' above.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Charitable Company and the Group carry out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Charitable Company and the Group have implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Volunteers' Policy
- Health & Safety Policy

In accordance with the Charitable Company and the Group's Equal Opportunities Policy, the Charitable Company and the Group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Charitable Company and the Group's offices.

THANK YOU

Many thanks to our customers, partners and staff who have supported us through the most challenging period of the Foundation's history - coping with Covid-19 Pandemic and its impact on our organisation and our lives.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- So far as that Trustee is aware, there is no relevant audit information of which the charitable Group's auditors are unaware, and
- That Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable Group's auditors are aware of that information

MEZZANINE 2 LIMITED

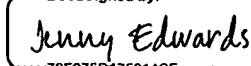
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Auditor

The Designated Trustees will propose a motion appointing the auditors, Haines Watts, at a meeting of the Trustees.

The trustees' report was approved by the Board of Trustees.

DocuSigned by:



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Jenny Edwards

20/01/2022
Dated:

MEZZANINE 2 LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of Mezzanine 2 Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- the trustees, having made enquires of fellow directors and the auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

MEZZANINE 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MEZZANINE 2 LIMITED

Opinion

We have audited the financial statements of Mezzanine 2 Limited (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The trustees' view on the impact of COVID-19 is disclosed on the accounting policies note 1.2.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MEZZANINE 2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF MEZZANINE 2 LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to the extent to which the audit was considered capable of detecting irregularities, including fraud

During the audit we identify and assess the risk of material misstatements of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud and error; and to respond appropriately to those risks.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, the Charities Act 2011, UK GAAP, UK corporation tax laws and the Data Protection Act.
- We obtained an understanding of how the charity are complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations.
- We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies and also obtained management representations regarding compliance with applicable laws and regulations.

MEZZANINE 2 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF MEZZANINE 2 LIMITED

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:

- Identifying and assessing the controls, management has in place to prevent and detect fraud, including the existence of supervisory controls;
- Challenging assumptions and judgements made by management in its significant accounting estimates and judgements (in particular in relation to depreciation, work in progress, deferred revenue and warranty provisions);
- Identifying and testing journal entries, in particular journal entries posted with usual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions. There is always the unavoidable risk that material misstatements in the financial statements may not be detected despite the audit being properly performed in accordance with UK Auditing standards.

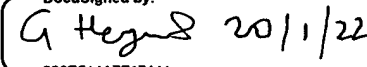
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Gary A Heywood (Senior Statutory Auditor)
for and on behalf of Haines Watts

Chartered Accountants
Statutory Auditor

DocuSigned by:

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MEZZANINE 2 LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income and endowments from:</u>			
Investments	3	19,085	68,608
Other income	4	-	280
Total income		<u>19,085</u>	<u>68,888</u>
<u>Expenditure on:</u>			
Charitable activities	5	<u>864,374</u>	<u>1,213,625</u>
Net expenditure for the year		(845,289)	(1,144,737)
Fund balances at 1 April 2020		<u>(1,147,636)</u>	<u>(2,899)</u>
Fund balances at 31 March 2021		<u><u>(1,992,925)</u></u>	<u><u>(1,147,636)</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

MEZZANINE 2 LIMITED**BALANCE SHEET****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	8		3,048		8,117
Current assets					
Debtors	9	3,283		19,764	
Cash at bank and in hand		761,165		579,103	
		<u>764,448</u>		<u>598,867</u>	
Creditors: amounts falling due within one year	10	<u>(2,760,421)</u>		<u>(1,754,620)</u>	
Net current liabilities			<u>(1,995,973)</u>		<u>(1,155,753)</u>
Total assets less current liabilities			<u>(1,992,925)</u>		<u>(1,147,636)</u>
Income funds					
Unrestricted funds			<u>(1,992,925)</u>		<u>(1,147,636)</u>
			<u>(1,992,925)</u>		<u>(1,147,636)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

20th December 2021

The financial statements were approved by the Trustees on

DocuSigned by:

Jenny Edwards

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Jenny Edwards

Trustee

Company Registration No. 05081333

MEZZANINE 2 LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	15		162,977		(1,495,424)
Investing activities					
Amounts received from group undertakings		-		1,330,556	
Interest received		19,085		68,608	
Net cash generated from investing activities			19,085		1,399,164
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			182,062		(96,260)
Cash and cash equivalents at beginning of year			579,103		675,363
Cash and cash equivalents at end of year			761,165		579,103

MEZZANINE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Mezzanine 2 Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Can Mezzanine, 7-14 Great Dover Street, London, SE1 4YR.

The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the trustees have tested their cash flow analysis to take into account the impact on the entity of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts. Integral to this assessment is the continuing support of the members for at least 12 months from the date of the financial statements being signed. The parent company, The Helen Taylor Thompson Foundation Limited, confirmed that it will support the charity beyond December 2022.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

MEZZANINE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Liabilities are recognised as resources expended where there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and includes, where applicable, value added tax where this is irrecoverable.

Cost of generating funds are those included in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Governance costs are the costs associated with the governance arrangements of the charity that relate to the general running of the charity, as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic, as opposed to the day-to-day, management of the charity's activities.

Support costs, which include central office functions such as general management, payroll administration, budgeting and accounting, information technology and financing are allocated across the categories of charitable expenditure, governance costs and costs of generating funds. These costs are apportioned on the basis of an estimate by the Board of the time spent.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Fixtures and fittings	20% straight line
Computers	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MEZZANINE 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

Mezzanine 2 Limited is a registered charity and has no liability to corporation tax on their charitable activities.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

MEZZANINE 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****2 Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Rental income	17,388	65,792
Interest receivable	1,697	2,816
	<u>19,085</u>	<u>68,608</u>

4 Other income

	Total	Unrestricted funds
	2021 £	2020 £
Other income	-	280
	<u>-</u>	<u>280</u>

MEZZANINE 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2021**5 Charitable activities**

	2021 £	2020 £
Staff costs	-	16,941
Other staff costs	-	119
Interest payable and charges	27	56
Travel and subsistence	-	(1,382)
Printing, postage and stationery	-	9,711
Rent and rates	832,598	1,097,233
Premises expenses	24,536	73,100
Communication services	902	6,796
Depreciation of fixtures and fittings	-	2,035
Depreciation of computer equipment	5,069	6,019
Sundry expenses	42	-
	<u>863,174</u>	<u>1,210,628</u>
Share of governance costs (see note 6)	<u>1,200</u>	<u>2,997</u>
	<u><u>864,374</u></u>	<u><u>1,213,625</u></u>

6 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Audit fees	-	1,200	1,200	-	2,997	2,997
	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>2,997</u>	<u>2,997</u>
Analysed between Charitable activities	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>2,997</u>	<u>2,997</u>

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

MEZZANINE 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2021**8 Tangible fixed assets**

	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 April 2020	97,170	106,827	106,072	310,069
At 31 March 2021	97,170	106,827	106,072	310,069
Depreciation and impairment				
At 1 April 2020	97,170	106,827	97,955	301,952
Depreciation charged in the year	-	-	5,069	5,069
At 31 March 2021	97,170	106,827	103,024	307,021
Carrying amount				
At 31 March 2021	-	-	3,048	3,048
At 31 March 2020	-	-	8,117	8,117

9 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Other debtors	442	446
Prepayments and accrued income	2,841	19,318
	3,283	19,764

10 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	121,936	3,557
Amounts owed to fellow group undertakings	2,626,614	1,734,414
Other creditors	160	220
Accruals and deferred income	11,711	16,429
	2,760,421	1,754,620

11 Secured debt

The charity has a given guarantee in respect of the bank borrowings of The Helen Taylor Thompson Foundation Limited, the sole member of Mezzanine 2 Limited, which amounted to £10,678,567 (2020 - £10,678,567).

12 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

MEZZANINE 2 LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2021**12 Operating lease commitments (Continued)**

	2021 £	2020 £
In over five years	7,768,422	8,631,580

13 Related party transactions

The company has taken advantage of the exemptions in FRS 102 "Related Party Disclosures" from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

14 Control

Throughout the period, Mezzanine 2 Limited was ultimately controlled by the parent undertaking, The Helen Taylor Thompson Foundation Limited, a charitable company incorporated in England and Wales.

15 Cash generated from operations	2021 £	2020 £
Deficit for the year	(845,289)	(1,144,737)
Adjustments for:		
Investment income recognised in statement of financial activities	(19,085)	(68,608)
Depreciation and impairment of tangible fixed assets	5,069	8,054
Movements in working capital:		
Decrease in debtors	16,481	79,864
Increase/(decrease) in creditors	1,005,801	(369,997)
Cash generated from/(absorbed by) operations	162,977	(1,495,424)